### **Testimony Of**

### Eric Gillespie Chief Information Officer Onvia, Inc.

#### **Before The**

# Subcommittee on Investigations and Oversight Committee on Science and Technology United States House of Representatives

### At Hearing

## Follow the Money Part II: Government and Public Resources for Recovery Act Oversight

May 5, 2009

#### **Introduction and Overview**

Chairman Miller, Ranking Member Broun, and Members of the Committee, thank you for inviting me to testify today with this distinguished panel about oversight of the American Recovery and Reinvestment of 2009 (ARRA). My name is Eric Gillespie and I am the Chief Information Officer at Onvia, a 12-year-old, NASDAQ-traded information services company based in Seattle, Washington.

Simply stated, our business model provides a comprehensive view of government		
spending to comp	ound the country.	
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their members.		
Our produ	rom millions of	
goods and services transactions from across every industry vertical – from Construction,		
Engineering, and Architecture to Healthcare, Energy, Water, and Information Technology.		

As draft versions of the stimulus bill were being published by the House and Senate at the beginning of the year, my team and I recognized that Recovery Act funds would be primarily distributed through existing programs, from Federal agencies to States, Counties and Cities, and

these funds would ultimately end up in the hands of contractors and subcontractors who would create jobs outside the beltway.

Based on our experience we believed then as we do today that we have a unique perspective to offer about filling the visibility gaps in the current flow of capital from D.C. out to the thousands of government agencies that perform various functions in the communities in which we all live.

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unprecedented lev	Senate inclu	ıded
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Congress that wo	al-time, but l	кеу
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were not included		

The transparency provisions that did survive in ARRA were set in motion with the passage of the Federal Funding Accountability and Transparency Act of 2006 which laid the basic foundation for collecting and exposing information about Federal appropriations. Although it has taken several years to enforce compliance and coordinate reporting, as examples of successful Federal data systems the FedBizOpps.gov (FBO) website provides a single view into

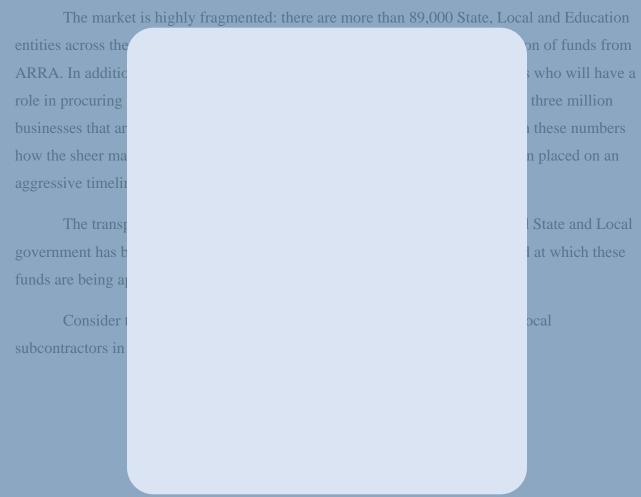
procurement across agencies at the Federal level, and the USASpending.gov website provides online transparency into those purchasing events.

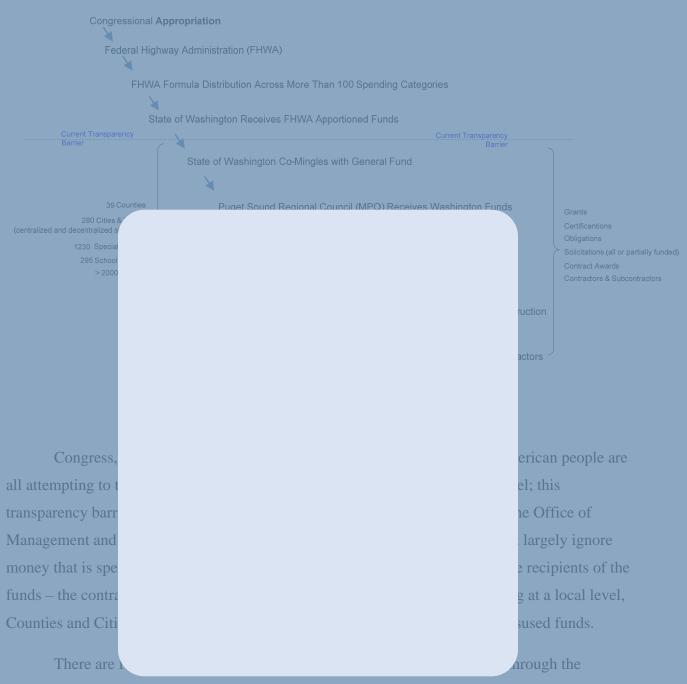
As you well know, there is no parent-child relationship between the Federal, State, County, and Municipal governments and thus there is no comparable FBO-USASpending platform for State, Local and Education procurement. In actuality there are almost as many programs, rules, and platforms as there are agencies around the country.

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funds are spent be	agencies around	
the county. The si	money will	
have been spent a	and Local level,	
before anyone is fully aware of the loss. The Government Accountability Office (GAO) recently		
pointed out that States are already struggling with how to oversee and manage stimulus		
expenditures.		

### **The Transparency Barrier**

Transparency and reporting to both Congress and the public at large, with full disclosure of all entities, public and private, receiving funding from ARRA, tracking grants and subgrants, contracts and subcontracts, obligations and certifications, and authenticating the sources of this data, serves as the backdrop for defining the key challenges. Establishing accurate and timely job creation metrics adds yet another level of complexity.





opacity. First, untangling the vast amount of unstructured data across these sundry entities is a Herculean task. Each entity has its own set of rules and workflow that address procurement, formats for solicitations, reporting requirements for contract awards, vendor qualification, vendor lists, and data persistence among many other areas. The categorization and compliance issues faced by the Federal government in implementing FBO.gov and the Federal Procurement

Data System (FPDS) over a number of years are similar, although given the wide dispersion of the State, Local and Education market the complexity is several orders of magnitude greater when attempting to track ARRA funds.

Once a canonical view of the entities is established, the second primary challenge can begin to be addressed: authentication of entities and their executives tasked with certifying the ARRA spending. A structured registration and validation process is required to ensure data integrity, along with a basic support center to handle basic compliance questions and simple account issues lik ntities mixing fraught with inacc mpliance The third principally in the of the American p g engines are government mark The fourth s are being dispersed. An "ag countability goals

opportunity for unprecedented waste and fraud. The Chairman of the Recovery Accountability and Transparency Board, Earl Devaney, estimated that \$55 billion of taxpayer dollars may be lost to fraud, which is particularly true at the State and Local level where the Administration has very limited visibility. That's five times the entire GDP of Afghanistan; about the same as the GDP of Vietnam, Luxembourg, and Ecuador; and half the GDP of New Zealand, Egypt and Iraq.

jobs as rapidly as p

According to figures from the World Bank and the International Monetary Fund, the fraud alone in our ARRA spending will be the 60<sup>th</sup> largest economy in the world. Eliminating the transparency barrier with only a 1% improvement in fraud would save the American taxpayers \$550 million. With the aggressive timeline there is simply not an opportunity to spend months, or compared to some implementation cycles years, developing a delivery platform, and there is little opportunity to stop waste *before* it starts rather than relying on investigations *after* spending occurs.

### **Technology Platf** We apprec ig to track Recovery Act spe ologically. We began solving it c latform with hundreds of serve Freedom of Infor esearchers have to meet these trac ired to track spending on a Fed Federal budget. C in granular detail: dependents, profi mortgage, and the

"industry" vertical; citizens, businesses, non-profit organizations, State and Local agencies, and schools are involved in spending. However, the level of transparency and tracking on the expense side pales in comparison to that on the revenue side. From a technology perspective the IRS is able to sift through massive amounts of data on the revenue side because they have

countless programmers. For the Federal government the expense side of the equation is no less complex than the revenue side, it just isn't tracked and reported with the same veracity.

Until recently Americans have tolerated a lack of transparency in governmental spending. assumption that information should be and is easily accessible; the internet generation has a new set of expectations. There has also been a recent groundswell of ARRA expectations established with the many star tability, and

### The Developmen

rom these e or Local

Given our ort-term it would be difficult to pro mulus spending. At the end of Mai companies that do projects, RFPs, bi

It took us about two weeks to develop and launch the site, and it has a somewhat simplistic interface which allows the user to select from combinations of State, County and City. It produces obligation and spending results as transactions occur every day in those geographies. We are currently in the process of making the site navigable via an interactive map so that users

can drill down to their community and see the spending that is most important to them via zoom controls.

Given the time constrained "use it or lose it" provisions contained in the legislation the bulk of the projects we are currently tracking at Recovery. *org* are related to infrastructure and transportation.

With Recovery.org we have done precisely what the Administration has been encouraging with recovery.org we have done precisely what the Administration has been encouraging with recovery.org we have done precisely what the Administration has been encouraging with recovery.org we have done precisely what the Administration has been encouraging with recovery.org with recovery and turned it into something see.

The Complexity

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To further complicate requirements for timely and standardized data collection from State and Local entities, many of these agencies perform a combination of essential services ranging from public safety to maintenance of physical infrastructure. Unlike the Federal government's established taxonomies for tracking spending on goods and services, there is no universally accepted standard across these highly fragmented State and Local governments. What initially

appears to be a relatively simple set of functional spending categories is not easily mapped to a common State-by-State, Municipality-by-Municipality view.

For the moment let's assume the data aggregation and standardization problems can be solved for Recovery fund tracking, or for that matter any other dataset such as TARP fund tracking. Consider the mashup possibilities with census data, campaign contribution results, crime statistics, or tax information, to name a few views, and imagine the level of citizen engagement that might be generated.

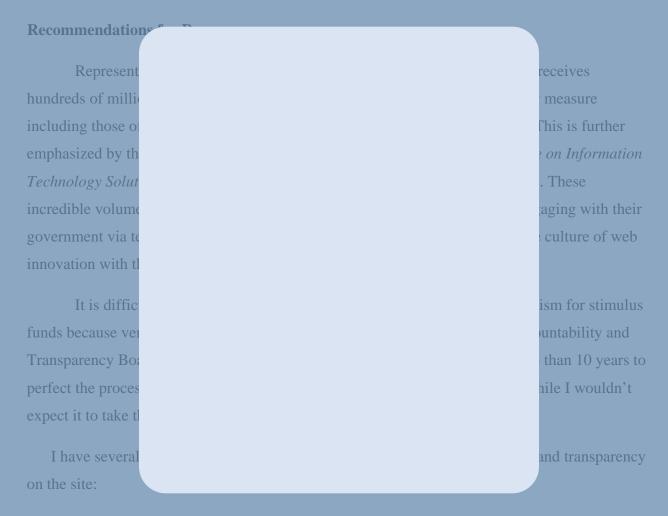
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Without getting into deep technical details, suffice it to say that in order to maximize use and adoption the data must to be made available in formats with low barriers to use. There are excellent, free, non-proprietary formats such as XML, JSON, and YAML. There are other

standards such as XBRL which the Securities and Exchange Commission has adopted for electronically collecting financial results from companies.

Search engines, user interfaces, and infrastructure are all key to a successful technology-based product like Recovery. *gov* but the primary reason we were able to build Recovery. *org* in two weeks was our underlying, standardized taxonomy and data. Without the data none of the other technology would have mattered.



(1) A project impacting so many aspects of the government is not undertaken without some level of risk. Data will never be perfect. Accept that and get on with it. Adopt an implementation framework that is designed for nimbleness, such as Agile Scrum, to facilitate speed.

- (2) A good user experience is paramount to success. Consider the many needs of the audience and distill them into a few basic, representative personas around which the site can be designed. View transparency and accountability as a leading "brand" with constituent touch points, of which Recovery. *gov* is perhaps the most significant in terms of its appeal.
- (3) Define a simple common vocabulary for constituents, developers, Congress, the Administration, States and Cities. This should include terms like appropriation, obligation, approval, certification and award, among others. Establish a standard corpus of entities and information al lop simple data (4) Choose a (5) An initial quickly and begin process be perfect, and hone the appr th an easy way to geography, Fe access project ing, providing With this, gov on contracts and as a result tax
- (7) Operate a Recovery Act program assistance center to assist Federal, State and Local agencies with compliance, and assist potential recipients of funds by answering questions about securing grants or contracts. Learnings from this center should be used to inform further development of the site.

(8) As the data set grows, provide raw data feeds via APIs to the public at-large. It is not incumbent on the Federal government to create unique and interesting views of the data and, instead, by providing data to developers the public at-large can create engaging user experiences with the underlying data.

(9) Look for best practices and pockets of innovation across the public and private sectors which can be adopted. To be successful this can't be onerous on either State, Local and Education entities or the private sector contractors and subcontractors. It is also important to

not create an i

The benefits of tools to interpret it, and the conduit accountability. It searchable data in Recovery. gov will

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The technology is available to turn Recovery. *gov* into the flagship for government transparency and accountability. We fully support the important goals that Congress and the Administration have outlined, and we will continue to serve in any way we can.

Thank you again for inviting me to testify here today, and I look forward to answering any questions that you might have.

